

SEP 15 2004

The Honorable Duncan Hunter
Chairman, Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515-6035

Dear Mr. Chairman:

As required by Section 8147 of the Department of Defense Appropriations Act for Fiscal Year 2002, we are pleased to submit the Findings and Recommendations from the Department of Defense (DoD)/Department of Veterans Affairs (VA) Joint Assessment Study. The report is a comprehensive assessment of the sharing options that exist between DoD and VA. In accordance with Section 8147, the report identifies the most promising sharing opportunities to pursue based upon their potential to improve access and the quality of health care services provided, while reducing costs to the taxpayer in three health care market areas: Puget Sound region of Washington, Hawaii, and Gulf Coast (Biloxi/Gulfport, Mississippi to the Panhandle of Florida).

The enclosed report from this independent assessment contains specific recommendations on sharing opportunities within the three health care markets, as well as recommendations for continued analysis. The report describes numerous tools that can be used for uniform data collection and evaluation of sharing opportunities at other potential sites. Also included in the report are a consistent methodology for evaluating sharing opportunities, integrated definitions of location and facility information, personnel and demographic information, event and work unit data (product/clinical service line mapping), a common data dictionary, and standardized data analysis shells.

The study was conducted by Mitretek Systems, Inc. during the period November 2002-December 2003. This timeframe includes a three-month extension due to the enormous complexity of the study and unexpected administrative and technical difficulties associated with obtaining patient-level data from both Departments.

The study was designed to leverage information about existing integration efforts to develop a data repository and a standard methodology to support the objectives of Section 8147 in the development of a common set of analytic and assessment tools. These tools were then applied in the three market areas selected by the VA/DoD Health Executive Council to test applicability on a national scope. These markets were selected based on a high level of sharing activity already occurring, the presence of large dual-eligible populations, as well as the presence of VA and all three military services.

The contractor was tasked to develop a standardized, replicable methodology for the assessment of sharing opportunities. To complete this requirement, the contractor collected nearly 56 million patient-level encounter records from VA and DoD source databases and assembled these data into an Oracle-based database housed on the

contractor's mainframe. The contractor then analyzed the collected data in concert with qualitative data gathered from interviews with local health leadership and planners in each market to assess a wide range of sharing opportunities. The contractor delivered a formal report on the assessment to the VA/DoD Health Executive Council (HEC) on December 31, 2003. The Joint Facilities Sharing work group, who oversaw the assessment on behalf of the HEC conducted a review of the study and briefed the HEC and the Joint Executive Council (JEC).

The review determined that the contractor delivered analytic tools and techniques that may be useful in future joint market planning and policy development. The contractor used a market-based perspective for identifying potential sharing initiatives rather than a facility or system based perspective. However, the review noted that this perspective may be limited by statutory requirements regarding access to care for beneficiaries of each department. The contractor also developed a Product/Service-Line Crosswalk for mapping VA Bed Station and Outpatient Codes to DoD Medical Expense and Performance Reporting System (MEPRS) codes as a tool for standardizing the capture of workload demand data, as well as a process for normalizing Primary Care capacity data using industry standard capacity planning conversion factors.

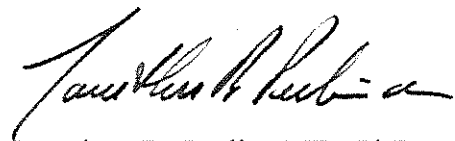
Additionally, the contractor constructed a sound qualitative framework using a common schema and definitions of sharing-related terminology. The framework was designed for facilities to use in considering the merits of potential sharing initiatives. A standard sharing lexicon will reduce the misunderstanding associated with regard to DoD and VA communications.

In closing, the findings from this study provide objective support for the principals of collaboration and stewardship as expressed in the VA/DoD Joint Strategic Plan. The assessment methods and recommendations derived from this review will be a vital component of our joint efforts to identify new sharing opportunities in the future.

Sincerely,



William Winkenwerder, Jr., MD
Assistant Secretary of Defense (Health Affairs)



Jonathan B. Perlin, MD, PhD,
MSHA, FACP
Acting Under Secretary for Health

Enclosure:
As stated

cc:
Representative Ike Skelton

Information Paper

Joint Assessment Study

BACKGROUND:

Congress appropriated \$2.5 million to fund a comprehensive study required in Section 8147 of the Fiscal Year 02 National Defense Appropriations Act. The Act mandated a joint DoD/VA study be done by an independent contractor to identify and evaluate potential changes to health care delivery policies, methods, practices and procedures in order to provide improved health care services at a reduced cost to the taxpayer. The study was conducted by Mitretek Systems, Inc. during the period November 2002-December 2003. This timeframe includes a three-month delay, which resulted in an additional cost to DoD of \$100,000. The delay was due to the enormous complexity of the study and unexpected administrative and technical difficulties associated with obtaining patient-level data from both Departments. These difficulties primarily stemmed from patient data privacy issues raised by VA Office of General Counsel regarding the release of patient diagnostic codes protected under 38 U.S.C. 7332.

The contractor explored sharing opportunities and ways to optimize economies of scale in three specific health care markets approved by the Health Executive Council: Puget Sound, Gulf Coast, and Hawaii. The intent of the study was to leverage lessons learned from existing integration efforts in the development of a common set of analytic and assessment tools. These tools were then applied in the three market areas to test applicability on a national scope. Therefore, these markets were selected based on a high level of sharing already occurring, the presence of large dual-eligible populations, as well as the presence of VA and all three services.

The contractor was tasked to develop a standardized, replicable methodology for the assessment of sharing opportunities. To complete this requirement, the contractor collected nearly 56 million patient-level encounter records from VA and DoD source databases and assembled these data into an Oracle-based database housed on the contractor's mainframe. The contractor then analyzed the collected data in concert with qualitative data gathered via interviews with local health leadership and planners in each market to assess a wide range of sharing opportunities. As required by Section 8147, a formal Report to Congress was the final deliverable from the contractor and was delivered on December 31, 2003.

STATUS:

The contractor delivered tools and techniques that will be useful in future joint market planning and policy development including the following;